

## Amended Act on Fiscal Measures, Etc. for JAPAN POST HD Has Been Enacted—The Government’s Involvement to Be Re-examined

The following is Japan Credit Rating Agency, Ltd. (JCR)’s opinion on what impact the enactment of the Act on Partial Amendments to the Postal Service Privatization Act, Etc. will have on the rating for JAPAN POST HOLDINGS Co., Ltd. (security code: 6178) and JAPAN POST INSURANCE Co., Ltd. (security code: 7181).

- (1) An act to amend the Postal Service Privatization Act, etc. that contains support measures aimed at maintaining the post office network (the “Amended Act”) was passed and enacted on June 19. The Amendment Act include the following provisions: i) in order to maintain the post office network, a new grant system shall be established, and financial support shall be extended to JAPAN POST Co., Ltd. (“JAPAN POST”) using funds derived from such measures as a reduction in dividends on the shares of JAPAN POST HOLDINGS Co., Ltd. (“JAPAN POST HD”) held by the national government and other financial sources; ii) JAPAN POST HD shall be obliged to hold, for the time being, more than one-third of the total with respect to the shares of JAPAN POST BANK Co., Ltd. (“JAPAN POST BANK”) and JAPAN POST INSURANCE Co., Ltd. (“JAPAN POST INSURANCE”) it holds; and iii) the government shall proactively consider a merger between JAPAN POST HD and JAPAN POST within two years of the promulgation of the Amended Act, as well as the measures to ensure the stable and sustainable operation of the postal business.
- (2) The Postal Service Privatization Act stipulates that the government shall “take necessary measures” to ensure the fulfillment of the obligations of offering universal services. Considering that the “necessary measures” in stressful situations include financial support from the government, JCR strongly reflects its view on such support in JAPAN POST HD’s long-term issuer rating. Meanwhile, following the above legal amendment, the government plans to begin providing continuous financial support from April 2027 in order to ensure the stable execution of JAPAN POST’s operations. JCR considers that the continuous execution of financial support could constitute a reason for reflecting the government’s involvement in JAPAN POST HD in the rating stronger than before and thus intends to re-examine the nature of the government’s involvement in and the extent of support extended to JAPAN POST HD.
- (3) JAPAN POST INSURANCE’s long-term issuer rating is determined based on stand-alone creditworthiness. It primarily reflects the assessment of stock-based factors such as the volume of policies in force and financial soundness, in addition to the solid business base backed by the post office network. As a result of the above legal amendment, JAPAN POST HD’s obligation to hold shares in JAPAN POST INSURANCE will continue for a while, consequently changing the assumption that capital relationships between the two would weaken gradually. Other provisions include one that allows JAPAN POST HD to request JAPAN POST INSURANCE for necessary consultations so as to ensure the fulfillment of the obligations of offering universal services. Moreover, the framework governing agency service agreements as an affiliated insurance company will be changed from a notification-based system to an approval-based system. In light of these factors, JCR will re-examine the positioning of JAPAN POST INSURANCE within the JAPAN POST Group and so forth.

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### <Reference>

Issuer: JAPAN POST HOLDINGS Co., Ltd.

Long-term Issuer Rating: AA+      Outlook: Stable

Issuer: JAPAN POST INSURANCE Co., Ltd.

Long-term Issuer Rating: AA      Outlook: Stable



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